

Message Text

CONFIDENTIAL

PAGE 01 MONTEV 00900 041847Z
ACTION ARA-10

INFO OCT-01 ISO-00 OES-06 H-01 SP-02 USIA-06 AID-05 EB-08
NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 /085 W

-----050837Z 026289 /14

R 041756Z MAR 77
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC 3367

C O N F I D E N T I A L MONTEVIDEO 0900

E.O. 11652: GDS
TAGS: EFIN, EAID, UY
SUBJECT: URUGUAYAN APPREHENSIONS OVER POSSIBLE U.S. ACTIONS IN
INTERNATIONAL FINANCIAL INSTITUTIONS

REF: (A) 76 STATE 289636, (B) DEPARTMENT MEMCON OF 12/2/76 OF
GRUNWALD-PEREZ CALDAS CONVERSATION ON PROPOSED IDB FISHERIES
DEVELOPMENT LOAN FOR URUGUAY, (C) 76 STATE 285497

SUMMARY:

THE U.S. HAS REPEATEDLY, AND AT THE HIGHEST LEVELS OF GOVERNMENT,
TOLD URUGUAY THAT THERE WERE NO POLITICAL CONSIDERATIONS IN OUR
OPPOSITION TO USE OF DIB SOFT LOAN (FSO) FUNDS TO FINANCE PART OF
A PROPOSED URUGUAYAN FISHERIES PROJECT. NOW THE WIRE SERVICES REPORT
THAT REP. GILLIS LONG HAS STATED THAT OUR OPPOSITION STEMMED FROM
POLITICAL OBJECTIVES. THIS HIGHLIGHTS THE NEED FOR CONSISTENCE AND
FOR ADVANCE COORDINATION WITH THE EMBASSY WHEN ISSUES CONCERNING
ACCESS TO INTERNATIONAL AGENCY DEVELOPMENT FINANCING ARISE. END
SUMMARY.

1. THE GOU IS UNCERTAIN OVER THE EXTENT TO WHICH THE U.S. MAY
CARRY ITS PRESSURES ON HUMAN RIGHTS INTO INTERNATIONAL FINANCIAL
INSTITUTIONS. THAT UNCERTAINTY LEADS TO A READING OF SUCH MOTIVA-
TION INTO ALL USG ACTIONS IN THESE FORA. THE RESULT IS TO LESSEN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MONTEV 00900 041847Z

OUR CREDIBILITY EVEN IN THE FACE OF DENIALS OF SUCH A BROAD APPLICA-
TION OF HUMAN RIGHTS PRESSURES IN WASHINGTON AND TO LESSEN OUR
ABILITY TO INFLUENCE GOU POLICY CONSTRUCTIVELY. RECENT EVENTS
ILLUSTRATE THIS. THEY ALSO HIGHLIGHT THE NECESSITY THAT THE
EMBASSY BE INFORMED OF POSITIONS TO BE TAKEN IN THESE FORA IN
ADVANCE AND THAT OUR POLICY BE CAREFULLY DELIMITED.

2. THE U.S. HAS REPEATEDLY DENIED THAT POLITICAL CONSIDERATIONS WERE THE BASIS FOR OUR REJECTING USE OF THE IDB'S SOFT LOAN (FSO) FUND AS PART OF THE FINANCING OF A FISHERIES DEVELOPMENT PROJECT RECENTLY CONSIDERED BY THE BANK. REFERENCES (A), (B) AND (C) ALL REPORT CONVERSATIONS IN WHICH AMBASSADOR PEREZ CALDAS WAS ADVISED BY DEPUTY ASSISTANT SECRETARY GRUNWALD AND ARA/ECA DIRECTOR ZIMMERMAN THAT THE U.S. POSITION WAS BASED ON PURELY TECHNICAL GROUNDS. THOSE GROUNDS WERE THAT PROSPECTS FOR THE COMMERCIAL VIABILITY OF THE FISHING OPERATIONS MADE FSO FUNDS INAPPROPRIATE AS A MATTER OF THE IDB'S OWN POLICIES ON SOFT LOAN FUNDS WHICH THE U.S. STRONGLY SUPPORTS. NOW THE MARCH 1 MONTEVIDEO PRESS HAS CARRIED A UPI WIRE ARTICLE QUOTING REPRESENTATIVE GILLIS LONG, CHAIRMAN OF THE SUBCOMMITTEE ON FOREIGN OPERATIONS OF THE HOUSE APPROPRIATIONS COMMITTEE, AS SAYING THAT THE U.S. REFUSED TO VOTE IN FAVOR OF LOANS TO URUGUAY FROM THE IDB'S FUND FOR SPECIAL OPERATIONS FOR POLITICAL REASONS. FOR THE GOU THIS CONTRADICTS OUR RECENT SPECIFIC DENIALS.

3. THIS EMBASSY SUBSEQUENTLY LEARNED FROM GOU SOURCES THAT THE U.S. EXECUTIVE DIRECTOR ON THE IDB ASKED IDB PRESIDENT ORTIZ MENA TO PRESS THE URUGUAYAN REPRESENTATIVE TO HAVE HIS GOVERNMENT RESTRUCTURE THE LOAN TO ELIMINATE THE FSO COMPONENT IN THE FISHERIES LOAN. THE URUGUAYAN REACTION WAS PREDICTABLE -- THE LOAN REQUEST WAS WITHDRAWN AND THERE REMAINS A LINGERING SUSPICION OF U.S. EXPLANATIONS OF ITS POSITION. THE EMBASSY WAS UNAWARE OF THE REPORTED INTERVENTION OF THE U.S. EXECUTIVE DIRECTOR WITH ORTIZ MENA ON THIS MATTER AND, CONSEQUENTLY, WE WERE NOT PREPARED TO DEAL WITH LOCAL REACTIONS. DESPITE OUR OFFICIAL POSITION THAT U.S. OBJECTIONS TO USE OF FSO FUNDS FOR THE PROPOSED FISHERIES LOAN

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MONTEV 00900 041847Z

WERE PURELY TECHNICAL, THERE REMAINS A WIDESPREAD BELIEF THAT OUR POSITION WAS POLITICALLY MOTIVATED, AND CONGRESSMAN LONG'S STATEMENT FORTIFIES THIS.

COMMENT:

NOW THAT THE GOU HAS FORMALLY REJECTED NEW BILATERAL ASSISTANCE, IT IS INCREASINGLY DEPENDENT ON MULTI-LATERAL ASSISTANCE AND WILL BE EXTREMELY CONCERNED WITH U.S. ATTITUDES TOWARD SUCH ASSISTANCE TO URUGUAY. IT WILL BE WATCHING CAREFULLY THE ACTIONS OF U.S. DIRECTORS ON THE BOARDS OF THE IDB, IMF, AND IBRD AND UNDER CURRENT CIRCUMSTANCES WILL LIKELY INTERPRET ANY USG OBJECTIONS OR CRITICISMS OF ASSISTANCE REQUESTS TO HAVE BEEN POLITICALLY MOTIVATED BY HUMAN RIGHTS CONSIDERATIONS, NO MATTER WHAT OUR EXPLANATIONS. THEY HAVE REASON FOR CONCERN OVER THE LIMITS TO WHICH WE PRESS THE U.S. CASE ON HUMAN RIGHTS IN MULTILATERAL AGENCIES WHEN SPECIFIC DENIALS AND EXPLANATIONS ON A KEY IDB ACTION OF IMPORTANCE TO URUGUAY'S DEVELOPMENT ARE UNDERCUT BY APPARENTLY INACCURATE STATEMENTS ON OUR POLICIES IN THE CONGRESS. THIS ONLY HEIGHTENS THE EMBASSY'S NEED TO BE INFORMED FULLY IN ADVANCE WHEN ACTIONS ARE TAKEN WHICH AFFECT OUR RELATIONS WITH URUGUAY. THE

EMBASSY HOPES THAT ALL EFFORTS WILL BE MADE TO DEFINE CAREFULLY
OUR POSITION IN MULTILATERAL FORA AND ITS LIMITS TO PERMIT THE
GOU TO MAINTAIN -- AS IT CLEARLY HOPES TO MAINTAIN -- A BASIS
OF LONG-TERM UNDERSTANDING WITHIN WHICH CURRENT U.S. PRESSURES ON
HUMAN RIGHTS ARE MOST LIKELY TO BE EFFECTIVE.
SIRACUSA

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SPHERE OF INFLUENCE, ECONOMIC ASSISTANCE, GOVERNMENT REACTIONS, INTERNATIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977MONTEV00900
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770076-0779
Format: TEL
From: MONTEVIDEO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770392/aaaaddpv.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f6bdadbd-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 289636
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 14-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3208228
Secure: OPEN
Status: NATIVE
Subject: URUGUAYAN APPREHENSIONS OVER POSSIBLE U.S. ACTIONS IN INTERNATIONAL FINANCIAL INSTITUTIONS
TAGS: EFIN, EAID, UY, US
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/f6bdadbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009